

Message Text

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67

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

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R 281700Z JUL 75

FM AMEMBASSY BERLIN

TO AMEMBASSY BONN

INFO SECSTATE WASHDC 1138

USMISSION USBERLIN UNN

LIMITED OFFICIAL USE BERLIN 6087

EO 11652: NA

TAGS: ABUD, GW

SUBJECT: VALUE-ADDED TAX

REF: BONN 02565

1. EMBASSY BERLIN HAS BEEN PAYING FRG VALUE-ADDED TAX (VAT) ON GOODS AND SERVICES PURCHASED IN WEST BERLIN AND DELIVERED TO EAST BERLIN. IN MOST INSTANCES, THE TAX HAS BEEN 11 PER CENT.

2. WE NOW UNDERSTAND THAT THE PURCHASE OF WEST BERLIN GOODS AND SERVICES DELIVERED TO EAST BERLIN MAY QUALIFY FOR AN INTERZONAL VAT RATE OF 6 PER CENT RATHER THAN THE 11 PER CENT RATE APPLIED TO PURELY WESTERN TRANSACTIONS. WE HAVE TWO SPECIFIC INSTANCES WHICH WE WOULD ASK EMBASSY BONN TO TAKE UP WITH FRG AUTHORITIES IN AN ATTEMPT TO DETERMINE IF THE USG MIGHT CLAIM A REFUND OF THE DIFFERENCE BETWEEN THE TWO RATES.

A. ON MARCH 17, 1975, PURCHASE ORDER NUMBER S-75-106 WAS PREPARED IN FAVOR OF VENDOR OSTAWERKE BERLIN, 1 BERLIN 48, MOTZENER STR. 35-37, IN THE AMOUNT OF 22,235.50 DM FOR MATERIAL AND 4,272.50 DM

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FOR LABOR. ADDED TO THIS ERE 2,445.90 DM AND 469.98 DM

FOR THE RESPECTIVE AMOUNTS OF VAT AT 11 PER CENT.

B. ON MARCH 20, 1975, PURCHASE ORDER NUMBER S-75-107
WAS PREPARED IN FAVOR OF VENDOR GERHARD RIEBOW AND CO.,
1 BERLIN 10, LOHMEYER STR. 13, IN THE AMOUNT OF 13,215 DM,
TO WHICH WAS ADDED 1,453.65 DM FOR VAT.

PURCHASE ORDER A WAS FOR MATERIALS, FURNISHINGS
AND LABOR FOR THE INSTALLATION OF A KITCHEN IN THE
AMBASSADOR'S RESIDENCE IN EAST BERLIN; PURCHASE ORDER B
WAS FOR PLUMBING AND ELECTRICAL WORK IN CONNECTION WITH
THE SAME KITCHEN. ALL MATERIALS AND LABOR WERE
DELIVERED TO AND ACCOMPLISHED IN EST BERLIN.
GROVE

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